

HOUSE BILL NO. 600

INTRODUCED BY S. BOOKOUT-REINICKE

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING CERTAIN NONCOMMERCIAL ELECTRICAL GENERATION FACILITIES MACHINERY AND EQUIPMENT FROM PROPERTY TAXATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, ~~AND A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~NEW SECTION. Section 1. Tax exemption for new noncommercial generation equipment. (1) Noncommercial electrical generation facilities that are used for the production of electrical energy for use by the owner in the owner's business are exempt from taxation.~~

~~(2) (a) For the purposes of this section, "electrical generation facilities" means any combination of a physically connected generator or generators, associated prime movers, and other associated property, including appurtenant land that is necessary for the noncommercial electrical generation facility's construction, that are normally operated together to produce electrical power. The term includes but is not limited to generation facilities that produce electricity from coal-fired steam turbines, oil or gas turbines, wind turbines, solar power, or fuel cells, from geothermal, biomass, waste, or renewable resources, or from turbine generators that are driven by falling water.~~

~~(b) The term does not include:~~

~~(i) improvements and personal property used in the normal course of the owner's business; or~~

~~(ii) a qualifying small power production facility, as that term is defined in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of electricity other than electrical power from a small power production facility and classified under 15-6-134 and 15-6-138.~~

NEW SECTION. SECTION 1. TAX EXEMPTION FOR NONCOMMERCIAL GENERATION MACHINERY AND EQUIPMENT.

(1) (A) SUBJECT TO THE CONDITIONS OF THIS SECTION, NONCOMMERCIAL ELECTRICAL GENERATION MACHINERY AND EQUIPMENT THAT ARE OWNED OR LEASED BY A PERSON OR THAT ARE PURCHASED BY THE PERSON AFTER [THE EFFECTIVE DATE OF THIS ACT] AND THAT ARE USED FOR THE PRODUCTION OF ELECTRICAL ENERGY FOR USE BY THE OWNER PERSON

1 ~~IN THE OWNER'S PERSON'S BUSINESS ARE EXEMPT FROM TAXATION.~~

2 ~~(B) THE EXEMPTION ALLOWED BY THIS SECTION APPLIES TO ELECTRICAL ENERGY PRODUCED FROM ELECTRICAL~~
3 ~~GENERATION MACHINERY AND EQUIPMENT OWNED OR LEASED BY A PERSON IF MORE THAN 50% 80% 70% 80% OF THE~~
4 ~~ELECTRICAL ENERGY GENERATED IS USED BY THE PERSON IN THE PERSON'S BUSINESS EVEN IF THE PERSON SELLS A PORTION~~
5 ~~OF THE ELECTRICAL ENERGY PRODUCED TO ANOTHER ENTITY. HOWEVER, THE AMOUNT OF THE EXEMPTION IS~~
6 ~~PROPORTIONAL TO THE RATIO OF KILOWATT HOURS USED BY THE PERSON IN THE PERSON'S BUSINESS TO THE TOTAL~~
7 ~~KILOWATT HOURS PRODUCED.~~

8 ~~(2) (A) FOR THE PURPOSES OF THIS SECTION, "ELECTRICAL GENERATION MACHINERY AND EQUIPMENT" MEANS~~
9 ~~ANY COMBINATION OF A PHYSICALLY CONNECTED GENERATOR OR GENERATORS, ASSOCIATED PRIME MOVERS, AND OTHER~~
10 ~~ASSOCIATED MACHINERY AND EQUIPMENT THAT HAS A GENERATING CAPACITY OF LESS THAN 30 80 MEGAWATTS. THE~~
11 ~~TERM INCLUDES BUT IS NOT LIMITED TO ELECTRICAL GENERATION MACHINERY AND EQUIPMENT THAT ARE POWERED BY~~
12 ~~FOSSIL FUELS, WIND, WATER, SOLAR ENERGY, FUEL CELLS, GEOTHERMAL ENERGY, BIOMASS, SOLID WOOD OR~~
13 ~~AGRICULTURAL WASTES, RENEWABLE ENERGY RESOURCES, OR COGENERATION.~~

14 ~~(B) THE TERM DOES NOT INCLUDE PERSONAL PROPERTY USED IN THE NORMAL COURSE OF THE OWNER'S PERSON'S~~
15 ~~BUSINESS.~~

16 ~~(3) FOR THE PURPOSES OF CONTROLLING EMISSIONS OF AIR POLLUTANTS, ELECTRICAL GENERATION MACHINERY~~
17 ~~AND EQUIPMENT ARE, IF APPLICABLE, SUBJECT TO THE PROVISIONS OF 75-2-211 AND 75-2-215. BEFORE GRANTING THE~~
18 ~~EXEMPTION ALLOWED BY THIS SECTION, THE DEPARTMENT SHALL OBTAIN INFORMATION FROM THE DEPARTMENT OF~~
19 ~~ENVIRONMENTAL QUALITY TO ENSURE THAT THE ELECTRICAL GENERATION MACHINERY AND EQUIPMENT COMPLY WITH THE~~
20 ~~PROVISIONS OF 75-2-211 AND 75-2-215.~~

21
22 NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an
23 integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to
24 [section 1].

25
26 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

27
28 NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the
29 meaning of 1-2-109, to property tax years beginning after December 31, 2000.

2 - END -